Analysis of Advantage Asset Advisor Fund's KnowledgeSCORE Pilot

The Advantage Asset Advisor Fund (AAAF) embarked on a journey to use analytics to increase revenue. The plan was to use market data, web logs, and transaction data to predict which advisors are likely to purchase funds for the current month. To complement finding new revenue, AAAF also dedicated analytical resources towards figuring out the likelihood that a customer would want to redeem funds, and towards figuring out which funds a customer is most likely to purchase. The results of the analysis were presented to the company through the KnowledgeSCORE application. This document will first detail the problems with AAAF's implementation of their pilot program, and then recommend a course correction for the program.

AAAF made three major mistakes in their implementation. The first of which was the lack of management commitment, a pillar of any successful analytics project. The directors of the northeast and southeast sales territories were convinced that the vast experiences of their sales team could outperform an algorithm, and therefore advised their staff to ignore the pilot program. For those territories, the pilot had little chance of ever proving its worth. We also see in the dashboard created by the project, little attention was paid to matching up the raw data to a consumable form by managers and sales staff. This shows that management wasn't in the room when the dashboard was designed, and further proves the lack of commitment from management.

The second blunder was the lack of communication between the departments. The analytics team came up with an algorithm for the sales department without seemingly having talked to

sales. That is a major reason the northeast and southeast territories felt the algorithm was too general and not catered to their specific territories. And it's entirely likely that the sales teams are right. Without discussing the work with the department they are trying to improve, it's likely they missed something important to consider in the algorithm. For example, if the sales team for a territory sees 300 prospective clients, why does the pilot program only produce 75 advisor names? There is an obvious lack of communication here.

Finally, there is a lot of evidence that the pilot was not setup correctly. First, they attest to the fact that their algorithm is based on 2 months of data in 2013. Two months of market data is too small of a dataset to use to create an algorithm in the funds market. They trained a model based on just a piece of a larger puzzle, and it's likely that the algorithm will not give consistent results over time. So the pilot algorithm was majorly flawed. Also, they needed more of a controlled test. Participants should not have had the option to opt-out or partially use the list. It's too hard to measure partially used and ignored lists.

So now the director of business analytics, Ms. Turner, has a meeting with senior management to decide the course of the pilot. Should she recommend the project continue at a cost of up to $200,000? The answer is a resounding, 'YES', to continue the work, but a resounding, 'NO', to rolling it out. The project needs another pilot done well. The dashboard information is inconclusive because territories were only partially invested in the pilot, and the data presented is not compelling. In their data they separated KnowledgeSCORE-recommended advisors from the rest, but the issue is that KnowledgeSCORE-recommended advisors are often approached with or without KnowledgeSCORE. To get a good comparison, you need to compare teams 100% committed to the pilot, and compare overall performance to other

teams or to previous revenues for the team. Even though the pilot was not compelling, a major reason the program should continue is because their competitors are doing it. Capital One is one example of a fund provider that is fueled by analytics. To stay competitive they need to apply this distinctive capability in revenue finding. While the pilot should continue, it needs several modifications.

First, they need a well defined test setup. Directors and managers need to tell their pilot sales teams to use the recommended advisor list for at least two months. But this should only be done once the algorithm has been updated to take into account the concerns of the sales teams (e.g. regional differences). The algorithm also needs to be based on a better sample size of no less than one year of market and revenue data. These things can only be accomplished with more buy-in and support from management teams. And there should be a team created to broker communications and distill business requirements between the analysts and the sales teams. Finally, they need to present the results of the study in this "prove-it"[1] approach in a way that is compelling to management. For managers, the numbers need to show an overall increase in revenue for pilot teams vs other teams. For the sales team, they need metadata to understand why they should go after one advisor over the other. An example of what this would look like in the dashboard is below. The focus of this dashboard is to show the benefits of KnowledgeSCORE, and to help sales use the pilot. A different dashboard should be designed once the program is implemented, when AAAF no longer needs to prove the program's value. With these approaches, AAAF will find a more favorable outcome from the pilot KnowledgeSCORE program.

[1] Davenport, T.H., Harris, J.G.. (2007). Competing on analytics: the new science of winning. Harvard Business School Press.